

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1388	Date: DECEMBER 7, 2007
	Change Request 5803

Transmittal 1388 is being corrected because in the Provider Education section, Requirement 5803.13, the responsibility column for the ABMAC, DMEMAC, FI, Carrier and RHHI were inadvertently not checked. We have corrected the requirement and all other information remains the same.

SUBJECT: Fee Schedule Update for 2008 for Durable Medical Equipment, Prosthetics, Orthotics and Supplies

I. SUMMARY OF CHANGES: This recurring update notification provides specific instructions regarding the 2008 annual update for the DMEPOS fee schedule.

NEW / REVISED MATERIAL

EFFECTIVE DATE: *January 1, 2008

IMPLEMENTATION DATE: January 7, 2008

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Transmittal 1388 is being corrected because in the Provider Education section, Requirement 5803.13, the responsibility column for the ABMAC, DMEMAC, FI, Carrier and RHHI were inadvertently not checked. We have corrected the requirement and all other information remains the same.

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1388	Date: December 7, 2007	Change Request: 5803
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SUBJECT: Fee Schedule Update for 2008 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies

Effective Date: January 1, 2008

Implementation Date: January 7, 2008

I. GENERAL INFORMATION

A. Background: The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in §60, Chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04).

B. Policy: This recurring update notification provides specific instructions regarding the 2008 annual update for the DMEPOS fee schedule. Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act. Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained at 42 CFR 414.102.

The CMS Division of Data Systems (DDS) is scheduled to electronically release the 2008 DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T080101.V1128) to the statistical analysis durable medical equipment regional carrier (SADMERC), DME MACS, A/B MACS, and local Part B carriers via CMS's mainframe telecommunication system on November 28, 2007. The DDS is scheduled to release a separate 2008 DMEPOS Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T080101.V1128.FI) to the A/B MACS, intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on November 28, 2007. The fee schedule file is scheduled to be available through the CMS homepage by December 5, 2007, for interested parties like the State Medicaid Agencies and managed care organizations. The 2008 fee schedule for PEN is scheduled to be released to the SADMERC and DME MACS in a separate file (filename: MU00.@BF12393.PEN.CY08.V1128) on November 28, 2007.

The following codes are being deleted from the HCPCS effective January 1, 2008, and are therefore being removed from the DMEPOS and PEN fee schedule files:

B4086
E2618
K0553
K0554
K0555
L0960

L1855
L1858
L1870
L1880
L3800
L3805
L3810
L3815
L3820
L3825
L3830
L3835
L3840
L3845
L3850
L3855
L3860
L3907
L3910
L3916
L3918
L3920
L3922
L3924
L3926
L3928
L3930
L3932
L3934
L3936
L3938
L3940
L3942
L3944
L3946
L3948
L3950
L3952
L3954
L3985
L3986

For new codes added to the HCPCS on January 1, 2008, DMEPOS fee schedule amounts will be established as part of the July 2008 Quarterly DMEPOS Fee Schedule Update, when applicable.

Please note that the HCPCS codes listed as new codes in this CR are not yet final and are subject to change. The new codes are not to be used for billing purposes until they are effective on January 1, 2008.

For gap-filling purposes, the 2007 deflation factors by payment category are: 0.525 for Oxygen, 0.529 for Capped Rental, 0.530 for Prosthetics and Orthotics, 0.673 for Surgical dressings, and 0.732 for Parental and Enteral Nutrition.

As part of this update, the payment category for code K0730 is being revised to move the controlled dose inhalation drug delivery system from the DME payment category for capped rental items to the DME payment category for inexpensive and routinely purchased items, effective January 1, 2008. The fee schedule file will be updated to reflect this change. The total payment for inexpensive and/or routinely purchased items may not exceed the fee schedule amount for purchase of the equipment. In the case of controlled dose inhalation drug delivery systems furnished on a purchase basis on or after January 1, 2008, the allowed payment amount will be reduced by the total rental payments previously made for the item.

The fee schedule amounts established for HCPCS codes K0553, K0554 and K0555 shall be directly cross walked to new HCPCS codes A7027, A7028 and A7029, respectively.

Per the July 2007 HCPCS Quarterly Update, the following composite dressing HCPCS codes are non-covered by Medicare, effective July 1, 2007: A6200, A6201 and A6202. To reflect this change, the fee schedule amounts for codes A6200, A6201 and A6202 will be removed from the fee schedule file as part of this update. Contractors shall deny claims for the aforementioned HCPCS codes with dates of service July 1, 2007 through December 31, 2007.

CMS will establish fee schedule amounts for the following HCPCS codes: B4087, B4088, E2312, E2312KC, E2373, E2313, L1846, L3808, L3923, L3764, L3763, L3925, L3929, and L3931. These fee schedule amounts will be added to the fee schedule file on January 1, 2008, and are effective for claims with dates of service on or after January 1, 2008. The existing fee schedule amounts for HCPCS code E2373 will become the full replacement E2373KC fees, effective January 1, 2008. Contractors shall instruct suppliers to submit the KC modifier when billing for the full replacement of HCPCS power wheelchair interface codes E2373 and E2312.

Since the following codes would rarely be appropriate for Medicare billing, payment for pediatric hospital bed HCPCS codes E0328 and E0329 will be based on individual carrier consideration.

As part of this update, we are implementing the 2008 national monthly payment rates for stationary oxygen equipment (HCPCS codes E0424, E0439, E1390 and E1391), effective for claims with dates of service on or after January 1, 2008. We are revising the fee schedule file to include the new national 2008 monthly payment rate of \$199.28 for stationary oxygen equipment.

As required by statute, the payment rates must be adjusted on an annual basis, as necessary, to ensure budget neutrality of the addition of the new oxygen generating portable equipment class. Because the shift in utilization in 2007 to this new class was slightly lower than anticipated, the reduction to the national monthly payment amount for stationary oxygen equipment for 2008 that is necessary to offset payments under the new class will be slightly lower (\$0.56)(from \$199.84 to \$199.28) than previously announced (\$1.44)(from \$199.84 to \$198.40).

As a result of the above adjustments, we are also revising the fee schedule amounts for HCPCS codes E1405 and E1406 as part of this update. Since 1989, the fees for codes E1405 and E1406 have been established based on a combination of the Medicare payments amounts for stationary oxygen equipment and nebulizer codes E0585 and E0570, respectively.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)
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Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I M A C	C A R I E R	R H I I S S	Shared-System Maintainers				OTHER
						F	M	V	C		
5803.10	Contractors shall deny claims for HCPCS codes A6200, A6201 and A6202 with dates of service July 1, 2007 through December 31, 2007.	X	X	X	X						
5803.11	In accordance with the schedule noted below, base fees for the following codes must be submitted to DDS/CMS by April 11, 2008 for inclusion in the July DMEPOS Fee Schedule Update: <u>Ostomy, Tracheostomy, or Urological Supplies (OS)</u> A5083 <u>Inexpensive or Routinely Purchased DME (IN)</u> E0856 E2227 E2228 E2397 <u>Prosthetics and Orthotics (PO)</u> L3927 L7611 L7612 L7613 L7614 L7621 L7622		X								
5803.12	The DME MACs, A/B MACs, Carriers and FIs shall implement changes to the 2008 DMEPOS fee schedules in accordance with the schedule outlined below.	X	X	X	X						

Schedule for changes for 2008 DMEPOS Fees (Local Carriers or DME MACs) or PEN Fees (DME MACs)

Changes to DDS*(Mary Anne Stevenson)
April 11
September 16

DDS Transmit Files
May 6
November 7

Contractors Implement
July 1, 2008
January 1, 2009

* DME MACs or local carriers will forward changes to ROs. The ROs will forward requests to DDS/Mary Anne Stevenson.

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)
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		A / B M A C	D M E M A C	F I I E R	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
5803.13	<p>A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>	X	X	X	X	X					

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below: N/A

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
5803.11	Gap-filled base fees should be submitted using the record format described in section 60.1 of chapter 23 of the Medicare Claims Processing Manual. Base fee schedule amounts submitted to CMS shall not be updated by any update factors other than the 1.7% (1989) update factor for DME and prosthetics and orthotics.
5803.11	Instructions for gap-filling DMEPOS fees are located in section 60.3 of chapter 23 of the Medicare Claims Processing Manual.

B. For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Karen Jacobs, 410-786-2173

Post-Implementation Contact(s): Karen Jacobs, 410-786-2173

VI. FUNDING

A. For *Fiscal Intermediaries and Carriers*, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2008 operating budgets.

B. *For Medicare Administrative Contractors (MACs), use the following statement:*

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.